



STATE OF CALIFORNIA

ELECTRONIC FUNDS TRANSFER PROGRAM



Information Guide

BOARD MEMBERS

JOHAN KLEHS
HAYWARD
FIRST DISTRICT

DEAN F. ANDAL
STOCKTON
SECOND DISTRICT

ERNEST J. DRONENBURG, JR.
SAN DIEGO
THIRD DISTRICT

BRAD SHERMAN
LOS ANGELES
FOURTH DISTRICT

KATHLEEN CONNELL
SACRAMENTO
STATE CONTROLLER

EXECUTIVE DIRECTOR

E. L. SORENSEN, JR.
SACRAMENTO

FOR EFT ASSISTANCE...

If you have questions regarding electronic funds transfers, please call
the Board of Equalization's EFT Helpline between
7:30 A.M. and 4:30 P.M., Pacific Time, Monday through Friday, at:

916-327-4229

FAX

916-322-8457 or 916-323-0478

Or you can write to the following address:

State Board of Equalization
EFT Group
P.O. Box 942879
Sacramento, CA 94279-0035

Contents

I. Introduction	1
II. Program Participation	2
Mandatory Participation	2
Voluntary Participation	2
Withdrawal from Participation in EFT	2
III. Payment Options	3
ACH Debit	3
ACH Credit	5
IV. Registration	7
How to Register	7
Changing Registration Information	7
V. General Information	8
Accounts Receivable Payments	8
Emergencies	8
Penalty and Interest Charges	8
Refunds	8
Reporting Due Dates	9
Weekends and Holidays	10
Tracing an EFT Payment	10
“0” Amount Due	11
VI. Filing Your Tax Return	12
VII. Appendix	13
A. ACH Debit Sample Calling Instructions	14
A-1. Before You Call	14
A-2. Touch-Tone Telephone Calls	16
B. TXP Addenda Convention (ACH Credit)	18
B-1. TXP Addenda Convention Record Layout	18
B-2. TXP Definitions—State Board of Equalization	19
C. Technical Requirements—PC and Mainframe	20
D. Glossary of Terms and Acronyms	21
Form BOE-555-EFT, Authorization Agreement for Electronic Funds Transfer (two copies)	23

I. INTRODUCTION

It is now possible for taxpayers to make tax payments electronically, rather than through the use of paper checks. Known as EFT payments (for “electronic funds transfer”), these payments are made by authorizing the electronic transfer of funds from one account to another. Such payments can be initiated by telephone or through the use of a computer and modem.

With EFT payments, you may expect to benefit from the reduction of manual paper processing and the errors associated with it. You will also realize faster responses to your inquiries regarding the status of your tax payments, as well as cost reductions associated with check processing, postage, and reconcilements.

BACKGROUND

Electronic funds transfers have been used for many years by the federal government and private business. Direct deposit of social security payments and employees’ wages are commonly made through EFT, and many businesses use EFT to pay their suppliers for goods and services.

In 1988, Indiana became the first state to adopt an EFT payment program for its taxpayers. Since that time, the number of states implementing EFT programs for payment of state taxes has steadily increased.

With the passage of Senate Bill (SB) 467 (Stats. 1991, Chapter 473), California became the 24th state to implement EFT for the payment of state taxes. SB 467 required the following departments to implement EFT programs for taxpayers who meet specific criteria for the taxes listed below:

- Board of Equalization (BOE)—Sales and Use Tax
- Employment Development Department (EDD)—Disability Insurance and Personal Income Tax withholdings (Form DE 88)
- Franchise Tax Board (FTB)—Bank and Corporation Taxes

Other California state departments are currently implementing their own programs to allow payment of taxes and fees by EFT.

II. PROGRAM PARTICIPATION

MANDATORY PARTICIPATION

Effective January 1, 1995, holders of sales and use tax permits whose average monthly tax payments are \$20,000 or more are required to participate in the electronic funds transfer program. Previously, the threshold for mandatory participation had been \$50,000 per month, which had been in effect since January 1, 1993.

VOLUNTARY PARTICIPATION

If you are not required to make sales and use tax payments through electronic funds transfer, you can choose to do so on a voluntary basis. You must complete an Authorization Agreement for Electronic Funds Transfer (Form BOE-555-EFT). This form is located on page 23 of this pamphlet. If you need additional copies of this form, please contact the Board's EFT Helpline at 916-327-4229. Voluntary participation in the EFT program is subject to Board approval.

WITHDRAWAL FROM PARTICIPATION IN EFT

If you are a mandatory participant in the EFT program, the Board will conduct an annual review of your account. If you drop below the mandatory threshold for participation, the Board will send you a letter, advising you that your status has been changed from mandatory to voluntary. If, at that time, you wish to discontinue making EFT payments, you must send a written request to the Board at the following address:

State Board of Equalization
EFT Group
P.O. Box 942879
Sacramento, CA 94279-0035

You must continue to make tax payments electronically until you are notified in writing of an effective date to withdraw from the program.

If you are registered as a voluntary participant, you must make EFT payments for at least one year. After that time, you can write to the Board at the above address and request to discontinue making tax payments by EFT.

For the request to be approved, your average monthly tax payment over a twelve-month period must have been less than \$20,000. As with mandatory participants, you must continue to make tax payments electronically until you are notified of an effective date to withdraw from the program.

III. PAYMENT OPTIONS

There are two reporting methods for making EFT payments: Automated Clearing House (ACH) debit and ACH credit. As their names indicate, both transactions are processed through the automated clearing house system.

The differences between the two methods are explained in this section to help you select the payment method you prefer. After you have decided on a payment method, you will need to complete an Authorization Agreement for Electronic Funds Transfer (BOE-555-EFT). See the next chapter for more information on how to register for EFT.

AUTOMATED CLEARING HOUSE (ACH) DEBIT

DEFINITION

The ACH debit method allows you to transfer funds by authorizing the state to electronically debit an account you control in an ACH participating financial institution for the amount(s) which you report to the state's data collection service.

COSTS

The state pays the cost for you to report an ACH debit transaction. You will be responsible for the fees, if any, that your financial institution may charge you for the actual transfer of funds.

COMMUNICATION METHODS

To make an ACH debit payment, you simply call a toll-free number and provide your payment information to the data collection service.

You can choose one of the following methods to contact the data collection service:

- Telephone
- Personal computer
- Mainframe

See Appendix C for specific technical requirements for using a personal computer or mainframe.

WAREHOUSING A PAYMENT

This feature allows you to call the data collection service and select a future date for your payment to transfer into the Board of Equalization's bank account. You may designate any banking day up to sixty days in advance, as the debit date of the payment (the payment will transfer out of your bank account and into the Board of Equalization's bank account on the debit date). For example, if you will be out of the office on the tax due date, you may initiate a payment earlier in the month with instructions to transfer the funds on the desired debit date. Your payment will remain "warehoused" at the data collection service until it is released one day prior to the selected debit date.

HOW TO REPORT A PAYMENT

To report a debit payment, you call the state's data collection service at a toll-free number. When you call, you will be asked to provide the following information:

- **Seller's Permit Number.** This is the seller's permit number issued to you by the Board of Equalization.
- **Security Code.** After you have registered to make ACH debit payments, you will receive a temporary generic security code. **Before you report your first payment, you will be required to call the data collection service and change the generic security code to a code of your choice.**

This is to ensure that outside parties do not have access to your security code. This will be the security code you use when reporting your payments thereafter. You may change your security code at any time. If you lose or forget your security code, you must call the Board's EFT Helpline.

- **Tax Type Code.** This code is used to identify the type of tax payment being made. The following codes are used by the Board of Equalization:
 - 04101 Sales and Use Tax Prepayment #1
 - 04102 Sales and Use Tax Prepayment #2
 - 04100 Sales and Use Tax Return Payment
 - 05600 Prepayment of Sales Tax on Fuel Distributions
- **Tax Period Ending Date.** This is the last day of the tax period for which you are reporting. For example, the last day of the fourth quarter 1997 reporting period is December 31, 1997.
- **Payment Amounts.** You will be asked to indicate, in dollars and cents, the following payment amounts: tax, penalty and interest charges (if any), and a total for all payments.
- **Verification Code.** This is a figure that you will calculate based on the total amount you are paying. The verification code helps to ensure that the information has been entered correctly. See page 13 for an example of how this number is calculated.
- **Warehoused Payment Debit Date.** This is the date that you would like your payment to transfer out of your bank account and into the Board of Equalization's bank account. You may select any banking day up to sixty days in advance. *You may skip this step and your payment will transfer the next banking day.*

NOTE

Although you are paying taxes electronically, you must still file a tax return timely. See chapter 6 for information on filing requirements.

The data collection service will then initiate the transfer of funds. After you have provided the information needed to initiate your payment, you will be provided a reference number that will indicate the date you reported your payment. You should keep this reference number for your records.

Note: If you select the ACH debit method when you register for EFT, we will mail you specific instructions. Those instructions will repeat the information shown above (with additional details) and will include an example of how to calculate a verification code. Appendix A-1 also includes an example of the calling instructions provided for debit payments.

WHEN TO REPORT A PAYMENT

For an electronic tax payment to be timely, it must be *initiated on or before the tax due date and the funds must settle into the Board of Equalization's bank account on or before the banking day following the date the transfer is initiated*. To ensure that your funds settle timely into the Board's account, you must call the data collection service on or before the tax due date.

You can call the data collection service at any time to report your payment. The service is available 24 hours a day year-round. **Calls that are completed by 3:00 P.M. Pacific Time will be initiated that day, and the funds will settle into the Board of Equalization's bank account the next banking day. If you call on the tax due date, you must allow enough time to complete your call by 3:00 P.M. Pacific Time. Otherwise, your payment will not be initiated until the next banking day and will be late.** See pages 9-10 for more information on reporting due dates.

CANCELLATIONS AND CORRECTIONS

You may cancel or correct a reported transaction by calling the data collection service before 3:00 P.M. Pacific Time *the same day the transaction was reported*. In the case of a warehoused payment, the transaction may be canceled if you call the data collection service before 3:00 P.M. Pacific Time *on the day before the debit date*. If you have reported the wrong information to the data collection service and missed the 3:00 P.M. deadline for the correcting entry, you may call the EFT helpline at 916-327-4229 for assistance.

INQUIRIES

You may inquire about a reported transaction up to sixty days after the transaction date by contacting the data collection service.

PRENOTE TEST

Following your registration for EFT, the Board of Equalization, in cooperation with the data collection service, will conduct a prenote (prenotification) test to validate your routing/transit number and bank account number. This test uses a zero-dollar amount and will be made at least ten days prior to initiation of your first EFT payment.

AUTOMATED CLEARING HOUSE (ACH) CREDIT

DEFINITION

The ACH credit method allows you to transfer funds by instructing your financial institution to debit your account and credit the Board of Equalization's bank account.

COSTS

You must pay the fees charged by your financial institution for any set-up costs and for each ACH credit transaction initiated.

RECORD FORMAT REQUIREMENTS

Your financial institution will be debiting your account and crediting the Board of Equalization's bank account through the automated clearing house network. In order to report your tax payment correctly, your financial institution must originate your payment using the *Cash Concentration or Disbursement plus Tax Payment Addendum* (CCD+/TXP) format. This is the standard format that has

been adopted for tax payments by the National Automated Clearing House Association (NACHA) and endorsed by the Federation of Tax Administrators.

Before selecting the ACH credit method, you should check with your financial institution to confirm that they can originate an ACH credit transaction in the required record formats.

HOW TO REPORT A PAYMENT

NOTE

Although you are paying taxes electronically, you must still file a tax return timely. See chapter 6 for information on filing requirements.

Because your financial institution will originate your payment, you should contact them for specific procedures to follow.

At the time you contact your financial institution to report your payment, you must provide them with the filing information required to complete the ACH CCD+/TXP records (such as the tax amount and the tax reporting period). The free form portion of the TXP Addenda Record, which is completed by your financial institution, must be precisely structured as shown in the TXP Addenda Convention Layout provided in Appendix B-1.

If you choose the ACH credit method, we will mail you additional record format information, including the Board of Equalization's EFT bank account and transit/routing number. You must provide this information to your financial institution before you report your first payment.

It is important to note that each tax department has its own bank account number and requests different information for the "free form area" of the Tax Payment (TXP) Addenda Record. Although the actual addenda formats for each department may look similar, the information requested is different.

PAYMENTS TO MORE THAN ONE STATE AGENCY

WHEN TO REPORT A PAYMENT

To be timely, your tax payment must be ***initiated on or before the tax due date and the funds must settle into the Board of Equalization's bank account on or before the banking day following the date the transfer is initiated.*** You must check with your financial institution to determine when you should originate your payment so that it will settle in the Board's account on time. See pages 9-10 for more information on reporting due dates and when to originate a payment.

You should also check with your financial institution to ensure that they are open for business the day you plan to contact them and can originate your payment through the ACH network.

CORRECTIONS

If you use the ACH credit method and discover you have reported erroneous information to your financial institution, you must contact them for assistance. If you are unable to correct the information, you should contact the Board's EFT Helpline at 916-327-4229 for assistance.

PRENOTE TEST

It is strongly recommended that your financial institution conduct a prenote (prenotification) test to validate the Board of Equalization's routing/transit number and bank account number. This test uses a zero-dollar amount and must be made at least ten days prior to origination of your first EFT payment.

IV. REGISTRATION

HOW TO REGISTER

To register to participate in the EFT program (as a mandatory or voluntary participant), you must complete and return an *Authorization Agreement for Electronic Funds Transfer* (Form BOE-555-EFT). This form is located on page 23 of this pamphlet. If you need additional copies, please call our EFT Helpline at 916-327-4229. You will also use the authorization form to indicate the payment method you will use (ACH debit or ACH credit) and to indicate the communication method you prefer (telephone or computer).

If you register for the ACH debit method, you will be asked to provide a voided check. Your check will show your financial institution's routing/transit number and your account number. This information is needed to transfer funds through the ACH network. You should verify with your bank that you have provided the correct bank account and transit and routing number on the authorization form. If you are unable to provide a voided check, a bank specification sheet may be used instead of the voided check.

After we have received and reviewed the completed agreement form, we will send you a letter confirming your EFT start date. We will also provide detailed instructions on how to report your payment.

CHANGING REGISTRATION INFORMATION

You must contact the Board's EFT Helpline at 916-327-4229 if you:

- Change payment methods (between ACH debit and ACH credit)
- Change financial institutions
- Change your checking or savings account number
- Change your EFT contact person or telephone number

You should notify us as soon as possible if you change reporting methods or change checking or savings accounts.

If it is necessary for you to complete a new authorization agreement, one will be sent to you.

V. GENERAL INFORMATION

ACCOUNTS RECEIVABLE PAYMENTS

Do not make EFT payments on Board assessments notifying you to pay delinquent taxes and applicable penalty and interest charges. Those payments cannot be made by EFT and must be made by cash, cashier's check, check, or money order and attached to the notice.

EMERGENCIES

If there is a problem experienced with payments being made through the ACH debit or ACH credit methods, call the Board of Equalization's EFT Helpline at 916-327-4229. You will be given instructions for making your payment.

PENALTY AND INTEREST CHARGES

Electronic funds transfers will be subject to the same penalties and interest provisions currently established by the Board for unpaid taxes and late tax payments.

The following information relates to penalty and interest charges that apply to electronic funds transfers:

FAILURE TO PAY TAXES BY EFT

If you are required to pay taxes through electronic funds transfer, you must continue to make EFT payments unless the Board advises you in writing that you are no longer required to do so. *If you do not pay taxes through EFT but use another means to pay (by check, for example), you will be subject to a 10 percent penalty on the taxes that were due at the time of the payment.*

FAILURE TO FILE A TIMELY TAX RETURN

Your tax return will be considered timely if it is postmarked on or before the due date. *If the return is not filed on a timely basis, even though the EFT payment may have been paid timely, you will be subject to a 10 % penalty on the taxes that were due with the return.* See chapter 6 for more information on tax return filing requirements.

LATE EFT PAYMENT

If your EFT payment (other than prepayments) is not timely, *you will be assessed a 10 percent penalty.*

If you are required to make sales and use tax prepayments and your prepayment is not timely, *you will be assessed a 6 percent penalty.*

REFUNDS

If you have transmitted more than the amount due, you may call the EFT Helpline at 916-327-4229 to get instructions for requesting a refund or possibly applying the excess payment to another period. Refunds will *not* be made through electronic funds transfer.

Penalty charges can be waived under limited circumstances, subject to Board approval. Contact the EFT Helpline if you have questions regarding penalty waivers.

**REPORTING DUE
DATES**

When a tax payment is made by check, it is considered to be timely if the check and tax return are received by the Board of Equalization on or before the date. Under EFT reporting, the payment must be made to the Board of Equalization's bank account on or before the banking day following the date the transfer is initiated.

This addendum to the December 1996 issue revises the tax due date shown below.

Consequently, you will need to determine the date when you must initiate your payment so that it will settle in the Board of Equalization's bank account on time. When you should call to report your payment will depend on the payment method you have selected (discussed in chapter 3 for each payment method, under "When to Report a Payment").

If you report taxes on a quarterly prepayment basis (i.e., you file a quarterly return and make two prepayments each quarter), **you will no longer receive prepayment forms to remind you of your prepayment due dates.** Consequently, to help you determine the date on which to report your payment, we have listed below the tax due dates for taxpayers who file on a quarterly prepayment basis.

If your business does not report taxes on a quarterly prepayment basis (for example, you report on a monthly basis), you must ensure that you report your payment in time so that it will settle into the Board's bank account by the first banking day following your tax due date. You should refer to your tax returns for the due dates that apply to your business.

**TAX DUE DATES FOR BUSINESSES THAT FILE ON A
QUARTERLY PREPAYMENT BASIS**

Reporting Period	Tax Due Date *
1st Quarter (January-March)	
First Prepayment	February 24
Second Prepayment	March 24
Quarterly Payment	April 30
2nd Quarter (April-June)	
First Prepayment	May 24
Second Prepayment	June 24
Quarterly Payment	July 31
3rd Quarter (July-September)	
First Prepayment	August 24
Second Prepayment	September 24
Quarterly Payment	October 31
4th Quarter (October-December)	
First Prepayment	November 24
Second Prepayment	December 24
Quarterly Payment	January 31

New date

* Weekends and Holidays: When the tax due date falls on a weekend or holiday (national or State of California), it will move to the next business day. See "Weekends and Holidays" on the next page.

WEEKENDS AND HOLIDAYS

As noted on the previous page, if a tax due date falls on a weekend or holiday (national or State of California), it will move to the next business day.

For example, January 31 is the tax due date for 4th Quarter payments. In 1998, that date falls on a Saturday. As a result, the tax due date for that quarter will become Monday, February 2. Because your funds must settle into the Board of Equalization's bank account by the first banking day following the tax due date, your 4th Quarter 1997 payment will not need to settle until February 3, 1998.

The following holidays are recognized by the State of California:

New Year's Day	January 1
Martin L. King Day	Third Monday in January
* Lincoln's Birthday	February 12
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
* Day after Thanksgiving Day	Friday after Thanksgiving
Christmas	December 25
* <i>All the holidays listed above are recognized by the U.S. Federal Reserve System, except for Lincoln's birthday and the day after Thanksgiving.</i>	

TRACING AN EFT PAYMENT

On occasion it may be necessary to trace a tax payment—that is, to establish that a tax payment was reported to the data collection service (ACH debit) or was originated by a financial institution (ACH credit).

Prior to EFT, we would normally ask for a copy of a cancelled check to establish that payment was made. However, under EFT you will no longer have a cancelled check.

If you are using the ACH debit method, the data collection service will provide you with a reference number. The reference number will indicate the date you reported your payment. This number will enable the Board's bank to trace your transaction.

If you use the ACH credit method, you will be responsible for tracing the transaction. If a problem arises, you should contact your financial institution for assistance.

Should you have any questions regarding the tracing of payments, you may contact the Board's EFT Helpline at 916-327-4229.

“0” AMOUNT DUE

If you use the ACH debit method for making payments and owe no taxes for the reporting period, **you are still required to initiate an EFT payment and report a zero dollar tax amount.**

If you use the ACH credit method for making payments and owe no taxes for the reporting period, **you must still contact your financial institution and have them make a zero dollar transaction.**

Reminder: You are required to file a tax return (Form BT-401 series) even if no taxes are payable for the reporting period. See chapter 6 for more information on filing requirements.

VI. FILING YOUR TAX RETURN

FILING OF TAX RETURN REQUIRED

Whether you choose the ACH debit or ACH credit method, **you must continue to file your tax returns on a timely basis.** The reporting due dates and filing requirements have not changed. If you do not file your tax return on time, *you will be assessed a 10 percent penalty.*

PREPAYMENT FORMS

If you are filing on a prepayment basis (i.e., two monthly prepayments forms and one quarterly return), you will no longer be required to file the two prepayment forms once your account is switched over to EFT.

Although **you will no longer receive prepayment forms**, you are still required to make prepayments through EFT according to the filing schedule provided in chapter 5.

You are also required to make your quarterly return payment through EFT and to file your quarterly tax return through the mail on a timely basis.

AMENDED RETURNS

Payments that apply to amended returns can be made through EFT.

VII. APPENDIX

BEFORE YOU CALL

Regardless of the communication method you select (telephone touch-tone or computer and modem), you will need to have available the information listed on the right when you call. This information will also appear in Pamphlet 80-B that will be mailed to you after you have registered.

NOTE

When using a touch-tone telephone to make a debit payment, you must enter two zeros for the cents. For example, \$50,000.00 would be entered as "5000000."

- **Seller's Permit Number.** This is the seller's permit number issued to you by the Board of Equalization. When reporting a payment, **do not** include the alphabetical characters or hyphens that appear in your seller's permit number.
- **Security Code.** This is the 4-digit security code you have created for accessing the ACH network. See page 4 for more information.
- **Tax Type Code.** The tax type code identifies the type of tax payment you are making. The following codes are used by the Board:
 - 04101 Sales and Use Tax Prepayment #1
 - 04102 Sales and Use Tax Prepayment #2
 - 04100 Sales and Use Tax Return Payment
 - 05600 Prepayment of Sales Tax on Fuel Distributions
- **Tax Period Ending Date.** Indicate the last day of the reporting period, **not** the due date. This information must be given in month, day, year format. For example, to report taxes for sales made in the first quarter of 1997, the tax period ending date would be 033197 (March 31, 1997).
- **Tax Amount.** Indicate the total dollars and cents for your sales and use tax payment. Do not include applicable interest or penalty charges in this total.*
- **Penalty Amount.** If applicable, indicate the total dollars and cents for your penalty amount. If none, enter zero value.*
- **Interest Amount.** If applicable, indicate the total dollars and cents for your interest amount. If none, enter zero value.*
- **Total Amount.** Indicate the total amount of your payment. This is the sum of taxes and penalty and interest payments.
- **Verification Code.** This is a figure that you will calculate based on the amount you are paying. It is used to help ensure that the information has been entered correctly. The two-digit verification code is a sum of the digits and the number of digits in your total amount. For example, if your total amount is \$56,318.00, your verification code is calculated as follows:

The sum of the digits:	5+6+3+1+8+0+0 =	23
The number of digits:	(5,6,3,1,8,0,0) =	<u>07</u>
Verification Code		30

The data collection service will also calculate the verification code. Your number and theirs must match for the transaction to continue.

- * Do not report penalty and interest charges related to delinquent taxes that have been billed to you by the Board. Report only penalty and interest charges that you have calculated for the current reporting period.

APPENDIX A-1—ACH DEBIT—SAMPLE CALLING INSTRUCTIONS—BEFORE YOU CALL

- **Warehoused Payment Debit Date.** This is the date that you would like your payment to transfer out of your bank account and into the Board of Equalization's bank account. You may select any banking day up to sixty days in advance. *You may skip this step and your payment will transfer the next banking day.*

APPENDIX A-2—ACH DEBIT CALLING INSTRUCTIONS—TOUCH-TONE TELEPHONE CALLS

The following is a sample script of an ACH debit payment reported through a touch-tone telephone. Under touch-tone reporting, the caller always presses '#' after each entry.

Step 1

Dial: 1-800-554-7500.

Step 2

System: Welcome to the California EFT System. If you are calling from a touch-tone phone, press '1' now. If you have a rotary phone, please hold the line for operator assistance.

Enter: 1

System: To expedite your call, please press the pound sign (#) after each entry and after the system repeats your entry. If your entry or what you hear is **NOT** correct, press the star (*) key and the system will re-prompt that field. **At any time during the recording, press the star (*) key three times to transfer to an operator.**

Step 3

System: For BOE, press '1'. For EDD, press '2'. For FTB, press '3'. For CDI, press '4' and for PERS, press '5'.

Enter: 1#

Step 4

System: To report a tax payment, press '1'. To perform a cancellation or inquiry, press '2'. For a security code change, press '3'.

Enter: 1#

Step 5

System: Enter your BOE seller's permit number.

Enter: _ _ _ _ _ #

System: You entered _____.

Enter: Press # to accept or * to correct and reenter.

Step 6

System: Enter your security code.

Enter: _ _ _ _ #

Step 7

System: Enter your tax type code.

Enter: _ _ _ _ _ # (04100, 04101, 04102, or 05600)

System: You entered _____.

Enter: Press # to accept or * to correct and reenter.

Step 8

System: Enter your tax period ending date.

Enter: _ _ _ _ _ # Respond in month, day, year format. For example, September 30, 1997, would be entered as "093097")

System: You entered _____.

Enter: Press # to accept or * to correct and reenter.

NOTE: For steps 9-12, remember to enter cents for all dollar amounts. A decimal point is **not** used. If you are reporting a zero amount enter 000#.

Step 9

System: Enter your tax amount.

Enter: \$ _ _ _ _ _ #

System: You entered _____ dollars and _____ cents.

Enter: Press # to accept or * to correct and reenter.

Touch-Tone Telephone Calls (Continued)

Step 10

System: Enter your penalty amount.

Enter: \$ _____ #

System: You entered _____ dollars and _____ cents.

Enter: Press # to accept or * to correct and reenter.

Step 11

System: Enter your interest amount.

Enter: \$ _____ #

System: You entered _____ dollars and _____ cents.

Enter: Press # to accept or * to correct and reenter.

Step 12

System: Enter your total amount.

Enter: \$ _____ #

System: You entered _____ dollars and _____ cents.

Enter: Press # to accept or * to correct and reenter.

Step 13

System: Enter verification code.

Enter: _ _ #

NOTE: Step 14 is an optional step. You may designate any banking day up to sixty days in advance, as the debit date of the payment (the payment will transfer out of your bank account and into the Board of Equalization's bank account on the debit date) or you may skip this step (by pressing #) and your payment will transfer the next banking day. Please refer to "Warehousing A Payment" on page 3 for more information.

Step 14

System: Enter the date you would like your bank account debited.

Enter: _ _ _ _ _ # (Respond in month, day, year format. For example, September 30, 1997, would be entered as "093097")

System: You entered _____.

Enter: Press # to accept or * to correct and reenter.

Step 15

System: Tax report accepted. Your reference number is _____. Repeating, your reference number is _____. Please record this number for your records.

Step 16

System: To disconnect, press '1'. To continue with additional functions, press '2'.

Enter: One of the following:

1# (you will hear "Thank you for using the California EFT System")

2# (you will be returned to Step 3)

APPENDIX B-1—TXP ADDENDA CONVENTION RECORD LAYOUT

STATE BOARD OF EQUALIZATION—TXP ADDENDA RECORD—FREE FORM AREA ENTRIES

The TXP Addenda Convention Record Layout is used by financial institutions who report tax payments for their customers under the ACH credit method. The information listed below is entered into the “free form” area of the Addenda Record (positions 4-83). The information entered in this format must be precisely structured as shown below. All fields are mandatory, except for field TXP10, Verification #. All fields must be separated by an asterisk (*). The last field entry must be terminated by a back slash (\). Explanations for the field entries are given on the next page.

Field #	Field Name	Field Requirements	Data Element Type	Length	Contents
	<i>Segment Identifier</i>				TXP
	Separator				*
TXP01	Seller's Permit #	M	AN	8	XXXXXXXX
	Separator				*
TXP02	Tax Type Code	M	ID	5	XXXXXX
	Separator				*
TXP03	Tax Period End Date	M	DT	6	YYMMDD
	Separator				*
TXP04	Amount Type	M	ID	1	T
	Separator				*
TXP05	Amount	M	N2	1/10	\$\$\$\$\$\$\$cc
	Separator				*
TXP06	Amount Type	O	ID	1	P
	Separator				*
TXP07	Amount	C	N2	1/10	\$\$\$\$\$\$\$cc
	Separator				*
TXP08	Amount Type	O	ID	1	I
	Separator				*
TXP09	Amount	C	N2	1/10	\$\$\$\$\$\$\$cc
	Separator				*
TXP10	Verification #	O	AN	6	XXXXXX
	<i>Segment Terminator</i>				\

APPENDIX B-2—TXP DEFINITIONS—STATE BOARD OF EQUALIZATION

Listed below are the definitions for the field entries used in the TXP Addenda Record Layout in Appendix B-1. These definitions apply to the Board of Equalization.

Segment Identifier	This identifies the transfer as a tax payment. It must always be coded as “TXP”.
Separator	The separator or data element separator is used to separate fields (data elements) within a segment. The character to be used as separator is the asterisk (*).
TXP01	<i>Seller's Permit Number.</i> This data element is the seller's permit number assigned to sellers by the Board of Equalization. Do not include the alphabetical characters or hyphens that appear in the permit number. Only the numerical portion of the permit number should be included in this data element.
TXP02	<i>Tax Type Code.</i> The tax type code is used to identify the type of tax payment being made. The following codes are used by the Board of Equalization: <div style="margin-left: 40px;">04101 Sales and Use Tax Prepayment #1 04102 Sales and Use Tax Prepayment #2 04100 Sales and Use Tax Return Payment 05600 Prepayment of Sales Tax on Fuel Distributions</div>
TXP03	<i>Tax Period End Date.</i> Tax period end date indicates the period for which the tax is being paid and must be reported in YYMMDD format. This date should represent the last day of the month for the tax period being reported. For example, the last day of the month for first quarter 1997 (prepayment #1) would be January 31, 1997, and would be reported as 970131 in this portion of the TXP record.
TXP04	<i>Amount Type.</i> The amount type code identifies what type of amount follows. This data element must always be coded as “T” to indicate <i>tax amount</i> .
TXP05	<i>Amount.</i> Enter tax amount here (do not include interest and penalty payments). In the event no tax amount is due, enter zero to comply with the filing requirements. The amount must always indicate cents (e.g., \$58,485.00=5848500; zero dollars= 000). Do not enter decimal point.
TXP06	<i>Amount Type.</i> The amount type code identifies what type of amount follows. This data element must always be coded as “P” to indicate <i>penalty amount</i> .
TXP07	<i>Amount.</i> Enter penalty payment amount here. In the event no penalty amount is due, enter zero to comply with the filing requirements. The amount must always indicate cents (e.g., \$63,436.00 = 6343600; zero dollars = 000). Do not enter decimal point.
TXP08	<i>Amount Type.</i> The amount type code identifies what type of amount follows. This data element must always be coded as “I” to indicate <i>interest amount</i> .
TXP09	<i>Amount.</i> Enter interest payment amount here. In the event no interest amount is due, enter zero to comply with the filing requirements. The amount must always indicate cents (e.g., \$53,435.00 = 5343500; zero dollars = 000). Do not enter decimal point.
TXP10	<i>Taxpayer Verification.</i> This field is optional. It is used to verify the taxpayer's identity. If used, the first six characters of the company name should be entered.
Segment Terminator	The segment terminator identifies the end of the free form portion of the addenda record and must always be coded as a “\”.

APPENDIX C—TECHNICAL REQUIREMENTS—PC AND MAINFRAME

PERSONAL COMPUTER

The personal computer method of payment is achieved through the use of a software package to be placed on your personal computer. The software will be distributed by the data collection service. The minimum requirements and a copy of the software can be obtained by contacting their customer service department at 1-800-332-4125. Complete installation instructions and access numbers will be provided with the software.

This method of communication is not recommended for users that report less than ten payments at a time. The touch-tone telephone method is more time efficient for payments of ten or less.

MAINFRAME

To connect to the EFT payment system by mainframe, your hardware must be able to support the following requirements:

- Remote Job Entry (RJE) or Host Network Job Entry (NJE) transmission methods
- Protocols available are 3780, 2780, or SNA 3777
- Data must be sent in a bi-synchronous mode
- Data must be sent in 80-character card images
- Data may be sent using transparency
- Computer modems should be 4800/9600 v.32 or 4800 Bell 208B-compatible

This method requires communications testing as well as file format testing to ensure that the live program will accept and process the information properly. If you choose to use the mainframe method of communications, we will mail you detailed instructions upon receipt of your authorization agreement.

APPENDIX D—GLOSSARY OF TERMS AND ACRONYMS

ACH	<i>Automated Clearing House.</i> Means any entity that operates as a clearing house for electronic debit or credit entries pursuant to an agreement with an association that is a member of the National ACH Association.
ACH CREDIT	ACH credit is one means by which money is transferred electronically through the automated clearing house (ACH) network. An ACH credit transaction is one in which the taxpayer, through his or her own financial institution, originates an entry crediting the state-designated bank account and debiting his or her own account for the amount of the tax payment.
ACH DEBIT	ACH debit is the converse to the ACH credit method described above. Under the debit method, the state, through its depository bank, originates an ACH transaction debiting the designated taxpayer's financial institution account and crediting the state's bank account for the amount of tax payment.
CCD+	<i>Cash Concentration or Disbursement Plus Addenda.</i> This is a standard NACHA data format used to make ACH credit transactions. The CCD+ format combines the widely used CCD format with a single addendum record that can carry 80 characters of payment-related data known as the TXP (see also "TXP" on next page).
DATA COLLECTION SERVICE	Also known as third-party vendor, the data collection service is the party responsible for the collection of taxpayers' information for the purpose of initiating an ACH debit transaction. Taxpayers may report information to the service by means of voice, touch-tone telephone, personal computer, terminal, or mainframe.
EFT	<i>Electronic Funds Transfer.</i> A term that identifies the type of systems used to transfer payments or funds electronically. EFT refers to any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to debit or credit an account.
FEDWIRE	One wire transfer system used generally to transfer large dollar amounts instantaneously and which is provided by the U.S. Federal Reserve System.
FEDERAL RESERVE SYSTEM	The central banking system of the United States, consisting of twelve regional reserve banks and those member depository institutions that are subject to reserve requirements.
NACHA	<i>National Automated Clearing House Association.</i> The association that establishes the standards, rules, and procedures that enable depository financial institutions to exchange ACH payments on a national basis.

ODFI	<i>Originating Depository Financial Institution.</i> A financial institution that originates ACH entries at the request of, and by agreement with, its customers. ODFIs must abide by the provisions of the NACHA Operating Rules and Guidelines.
PRENOTE TEST	A zero-dollar entry sent through the ACH network to verify banking information. If a prenote is processed, it must be done at least 10 calendar days before EFT payment initiation.
REFERENCE NUMBER	A number provided by the data collection service to callers using the ACH debit payment method. Given after a caller has provided information needed to initiate a payment, the reference number indicates the date and time the payment was reported and can be used to aid in the tracing of a payment. Reference numbers may also be used in Fedwire transactions.
SETTLEMENT DATE	The date an exchange of funds, with respect to an entry, is reflected on the books of the Federal Reserve Bank(s) and participating financial institutions.
TXP	<i>Tax Payment Banking Convention Record Format.</i> Contains the data format, contents, and implementation suggestions for taxpayers to pay state taxes through the automated clearing house under the ACH credit method. This convention is to be used with the NACHA CCD+ format and is used in the majority of other states using EFT for tax collections. The format is carried in the 80-character free form field of the addendum record. The TXP convention has been developed with input from corporate trade associations, state representatives, and federal government agency representatives. The proposed convention is a result of the joint efforts of the Federation of Tax Administrators (FTA), the Committee on State Taxation (COST), and the Bankers' EDI Council of NACHA.

**AUTHORIZATION AGREEMENT FOR
ELECTRONIC FUNDS TRANSFER (EFT)**STATE OF CALIFORNIA
BOARD OF EQUALIZATION*Please Check Appropriate Boxes:*

- ☐ New EFT account
- ☐ Change EFT reporting method
- ☐ Change bank account
- ☐ Change contact name or phone number

See reverse for instructions.

*(Type or Print in Ink)***SECTION I**

TAXPAYER NAME	ACCOUNT NUMBER
DBA	BUSINESS PHONE NUMBER () —
CONTACT PERSON	CONTACT PHONE NUMBER () —

*Complete Section II or III below:***SECTION II**☐ **ACH Debit**

The State Board of Equalization is hereby authorized to initiate debit entries to the bank account identified below and the bank is authorized to debit such account. This authority is to remain in full force until EFT payments are no longer required by statute or, if I am a voluntary participant, until the State Board of Equalization and I mutually agree to terminate my participation in the EFT program.

BANK NAME		Method of Communication: (check one) <input type="checkbox"/> Telephone <input type="checkbox"/> Personal Computer <input type="checkbox"/> Terminal <input type="checkbox"/> Mainframe Communication	
BANK ACCOUNT NUMBER <i>(not to exceed 17 digits)</i>			
TRANSIT AND ROUTING NUMBER:			
TYPE OF ACCOUNT <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
SIGNATURE		TITLE	DATE

IMPORTANT: *If you have selected the ACH Debit option, you must attach a voided check for the account to be debited. Your voided check will verify bank account, transit and routing numbers. If you are unable to provide a voided check, a bank specification sheet may be used instead of the voided check.*

SECTION III☐ **ACH Credit**

The State Board of Equalization is hereby requested to grant authority for the above-named taxpayer to initiate ACH credit transactions to the State Board of Equalization's bank account. These payments must be in the NACHA CCD+ format using the Tax Payment Convention (TXP) and may only be initiated for the EFT tax payments to the State Board of Equalization provided for by statute.

SIGNATURE	TITLE	DATE
-----------	-------	------

Return to: Board of Equalization, Attn. EFT Group, P.O. Box 942879, Sacramento, CA 94279-0035

For EFT assistance call (916) 327-4229

Make a copy for your records.

Instructions for Completing the EFT Authorization Form

General

Please type or print clearly. Return to the State Board of Equalization within ten days from the date received. Make a copy for your records.

Section I

Complete all blocks in this section. Your account number is required (e.g., 30-123456).

Sections II and III

COMPLETE ONE OF THESE SECTIONS, **NOT** BOTH.

Complete Section II if you select ACH Debit, Section III if you select ACH Credit. After making your decision, please check the appropriate box and complete every block of information for the method selected.

If the ACH Debit method is chosen, a voided check must be attached to the completed authorization agreement. Your voided check will verify bank account and transit routing numbers.

The example of a voided check, shown below, indicates where to locate the transit routing number for your bank and your bank account number. Remember to mark the word "void" across the face of the check that you return with the authorization agreement.

ABC BUSINESS
1234 Park Avenue
Anytown, CA

1044

19

PAY TO THE ORDER OF _____ \$ XXX.XX
DOLLARS

Anywhere Bank
U.S.A.
MEMO _____ Not Negotiable

⑆ 133404567 ⑆ 1234561304 ⑆ 1044

1 2 3

1 Routing Transit Number (requires 9 digits)
2 Bank Account Number (not to exceed 17 digits)
3 Check Number

Important Information

1. Participation in the Electronic Funds Transfer program shall be for a minimum of one year.
2. You will receive a confirmation letter from the State Board of Equalization after approval of this agreement. The confirmation letter will include your electronic funds transfer start date. No electronic funds transfer payments should be attempted before this start date. All sales and use tax return payments due subsequent to this start date must be made through electronic funds transfer.
3. You must make a written request to be removed from the Electronic Funds Transfer program. For the request to be approved, you must have participated in the program for a minimum of one year and your average monthly tax, over a twelve month period, must be less than \$20,000.
4. You will receive a confirmation notice from the State Board of Equalization identifying your ending date for EFT (unless you also close out your account) or the change date if you request to be moved from one ACH payment method to another. You must continue making your tax return payments through electronic funds transfer, through the ACH payment method in use at the time of your request, until you receive a confirmation letter from the Board confirming the new payment method and the effective date of the change.

**AUTHORIZATION AGREEMENT FOR
ELECTRONIC FUNDS TRANSFER (EFT)***Please Check Appropriate Boxes:*

- ☐ New EFT account
- ☐ Change EFT reporting method
- ☐ Change bank account
- ☐ Change contact name or phone number

See reverse for instructions.

*(Type or Print in Ink)***SECTION I**

TAXPAYER NAME	ACCOUNT NUMBER
DBA	BUSINESS PHONE NUMBER () —
CONTACT PERSON	CONTACT PHONE NUMBER () —

*Complete Section II or III below:***SECTION II**☐ **ACH Debit**

The State Board of Equalization is hereby authorized to initiate debit entries to the bank account identified below and the bank is authorized to debit such account. This authority is to remain in full force until EFT payments are no longer required by statute or, if I am a voluntary participant, until the State Board of Equalization and I mutually agree to terminate my participation in the EFT program.

BANK NAME		Method of Communication: (check one) <input type="checkbox"/> Telephone <input type="checkbox"/> Personal Computer <input type="checkbox"/> Terminal <input type="checkbox"/> Mainframe Communication	
BANK ACCOUNT NUMBER <i>(not to exceed 17 digits)</i>			
TRANSIT AND ROUTING NUMBER: <div style="border: 1px solid black; height: 15px; width: 100%;"></div>			
TYPE OF ACCOUNT <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
SIGNATURE		TITLE	DATE

IMPORTANT: *If you have selected the ACH Debit option, you must attach a voided check for the account to be debited. Your voided check will verify bank account, transit and routing numbers. If you are unable to provide a voided check, a bank specification sheet may be used instead of the voided check.*

SECTION III☐ **ACH Credit**

The State Board of Equalization is hereby requested to grant authority for the above-named taxpayer to initiate ACH credit transactions to the State Board of Equalization's bank account. These payments must be in the NACHA CCD+ format using the Tax Payment Convention (TXP) and may only be initiated for the EFT tax payments to the State Board of Equalization provided for by statute.

SIGNATURE	TITLE	DATE
-----------	-------	------

Return to: Board of Equalization, Attn. EFT Group, P.O. Box 942879, Sacramento, CA 94279-0035

For EFT assistance call (916) 327-4229

Make a copy for your records.

Instructions for Completing the EFT Authorization Form

General

Please type or print clearly. Return to the State Board of Equalization within ten days from the date received. Make a copy for your records.

Section I

Complete all blocks in this section. Your account number is required (e.g., 30-123456).

Sections II and III

COMPLETE ONE OF THESE SECTIONS, NOT BOTH.

Complete Section II if you select ACH Debit, Section III if you select ACH Credit. After making your decision, please check the appropriate box and complete every block of information for the method selected.

If the ACH Debit method is chosen, a voided check must be attached to the completed authorization agreement. Your voided check will verify bank account and transit routing numbers.

The example of a voided check, shown below, indicates where to locate the transit routing number for your bank and your bank account number. Remember to mark the word "void" across the face of the check that you return with the authorization agreement.

ABC BUSINESS
1234 Park Avenue
Anytown, CA

PAY TO THE ORDER OF

Anywhere Bank
U.S.A.
MEMO

133404567 1234561304 1044

1044

19

XXX.XX

DOLLARS

Not Negotiable

1

2

3

3

1 Routing Transit Number
(requires 9 digits)

2 Bank Account Number
(not to exceed 17 digits)

3 Check Number

Important Information

- Participation in the Electronic Funds Transfer program shall be for a minimum of one year.
- You will receive a confirmation letter from the State Board of Equalization after approval of this agreement. The confirmation letter will include your electronic funds transfer start date. No electronic funds transfer payments should be attempted before this start date. All sales and use tax return payments due subsequent to this start date must be made through electronic funds transfer.
- You must make a written request to be removed from the Electronic Funds Transfer program. For the request to be approved, you must have participated in the program for a minimum of one year and your average monthly tax, over a twelve month period, must be less than \$20,000.
- You will receive a confirmation notice from the State Board of Equalization identifying your ending date for EFT (unless you also close out your account) or the change date if you request to be moved from one ACH payment method to another. You must continue making your tax return payments through electronic funds transfer, through the ACH payment method in use at the time of your request, until you receive a confirmation letter from the Board confirming the new payment method and the effective date of the change.

